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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO: School Corporations**

**FROM: Courtney Schaafsma, Budget Division Director**

**RE: Bus Replacement Fund Notices and Plan Template for Budget Year 2015**

**DATE: May 30, 2014**

Pursuant to IC 20-46-5-11, a school corporation desiring to have a Bus Replacement Fund ("Fund") budget or tax levy must adopt a Bus Replacement Plan ("Plan") for the upcoming budget year. Prior to the adoption of the Plan, the school corporation must provide its taxpayers with proper notice of the proposed Plan. The Department of Local Government Finance ("Department") is providing the attached notice template to assist school corporations in meeting this notice requirement. In addition, the Plan template to be used for 2015 also accompanies this memorandum.

## **Notice to Taxpayers**

The Notice to Taxpayers notifies taxpayers of the date, time, and location at which a public hearing will be held on the proposed Plan. In addition to this information, the Notice to Taxpayers provides a summary of the proposed Plan, which includes the proposed number of buses to be replaced and the total estimated replacement cost.

**NEW THIS YEAR:** The Department has added an additional column into the main part of the Notice. This column is provided for school corporations to document their annual contract costs. This column will allow school corporations to provide their taxpayers with more information on the expenditures anticipated to be made out of the Fund for the budget year.

In addition to the proposed bus replacements, the Notice to Taxpayers must identify the sources of revenue that will be available to fund the Plan. The detailed items to be included in the Notice to Taxpayers are as follows:

### **REVENUES**

- Projected January 1 Cash Balance for the year identified.
  - This should be the cash balance projected at the start of the budget year, January 1, 2015.
- Encumbrances Carried Forward from Previous Year.
  - These are encumbrances anticipated to be carried over from 2014 into the 2015 budget year.
- Estimated Cash Balance Available for the Plan – Calculated by subtracting the encumbrances identified above from the projected January 1 cash balance.

- Property Tax Revenue – Proposed property tax levy for the year identified.
- Auto Excise, CVET, and FIT Receipts – Estimated revenues for the year identified.
- Other Revenue – Includes interest income and any other available or anticipated revenues not identified above.

**PLEASE NOTE: The property tax revenue value identified on the Notice to Taxpayers for the ensuing budget year will be used as a determining factor by the Department in approving the corresponding levy. An erroneous entry for Property Tax Revenue for the ensuing budget year can result in a reduced or denied levy for the Fund. Please ensure that this value is correct prior to submitting the Notice to Taxpayers to the newspaper(s) for publication.** On the attached template, you will notice that this cell is highlighted in yellow. This highlight will go away once a value is entered in this cell. In addition, you will see two warning messages to the right of the cell. Before a value is entered into the cell, the warning will read, “Please enter the proposed tax levy for the budget year.” After a value is entered, the warning will read, “Please ensure correct proposed tax levy prior to publication of this notice.” These warnings are for information purposes only and are not to be published.

Lastly, the Notice to Taxpayers provides details on increased transportation needs and the need to replace a bus earlier than anticipated, as applicable. If these situations pertain to your school corporation, the school corporation should ensure that the proper statements are included on the notice. For school corporations looking to add buses, please specify the number of additional buses included in the plan and the total cost of the additional buses.

A common question received about the Notice to Taxpayers is the removal of information pertaining to future bus purchases. This change was made last year. Due to the recent implementation of a maximum levy for the Fund, identification of future bus purchases is no longer required on the Notice to Taxpayers. Future needs will be included within the overall statutory maximum levy of the fund.

Accurate completion of the attached notice and appropriate publication of this notice is crucial for the successful and timely completion of budget reviews by the Department. Your assistance in meeting these requirements is appreciated.

### **Bus Replacement Fund Plan**

The attached Plan template is the same template that has been used for the last several years. The only change has been to update the years shown on the plan for the purposes of annualization.

If you have any questions on the attached notice or Plan template, please contact Courtney Schaafsma, Budget Division Director, at [cschaafsma@dlgf.in.gov](mailto:cschaafsma@dlgf.in.gov) or (317) 234-3937.